


**Council of the District of Columbia**  
**COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT**  
**COMMITTEE REPORT**

1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

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**To:** Members, Council of the District of Columbia  
**From:** Councilmember Kenyan R. McDuffie, Chairperson   
**Date:** October 18, 2023  
**Subject:** Report on B25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”

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The Committee on Business and Economic Development, to which B25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023” was referred, reports favorably on the legislation and recommends approval by the Council of the District of Columbia.

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## **I. BACKGROUND AND NEED**

The Department of Insurance, Securities, and Banking (“DISB”) is the District government agency responsible for the regulation of financial services entities including insurance companies and producers.<sup>1</sup> DISB’s mission is to “cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; empower and educate residents on financial matters; and provide financing for District small businesses.”<sup>2</sup> The first two components of that three-fold mission are the impetus for B25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”.

Under permanent law, DISB allows motor vehicle and homeowner insurers to use a file and use standard for rate filings. This means that insurers can file rate increases with DISB and begin using them immediately *before* DISB completes its internal review of the new rates. Nevertheless, until recently *in practice*, motor vehicle and homeowner insurers operated under a prior approval standard for rate filings. This means that insurers would wait to implement new rates until after DISB completed its review process, which is designed to ensure that rates are not excessive, inadequate, or unfairly discriminatory.<sup>3</sup> However, likely due to inflationary pressures, supply chain issues, and the new complexity of repairs given advances in home and car technology, insurers started to implement rate increases before DISB completed its review process.<sup>4</sup>

Although DISB ultimately determined that those rate increases were not excessive or unfairly discriminatory and approved the rates, the consumer received no advance notice that their rates would increase in some cases in excess of 20%. This gave them insufficient time to prepare for that increase or shop around for a more affordable policy. This is partly because permanent law does not require motor vehicle and homeowner insurers to send out notices of rate increases in advance. Additionally, DISB lost their leverage to negotiate with insurers to reduce the increase or phase it in over time because it had already gone into effect.<sup>5</sup> DISB further reported that, “in the last 18 months we have seen 6 rate filings propose 20% or greater increases and several others in the high teens.”<sup>6</sup> The Committee on Business and Economic Development similarly received inquiries from District residents about motor vehicle rate increases in excess of 20%. These residents had learned about those rate increases once they had already gone into effect.

On March 7, 2023, the Council unanimously passed B25-147, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2023”. This legislation incorporated the core components of B25-150 and changed the file and use standard to prior approval on an emergency basis. B25-148, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023”, incorporated the new prior approval standard and a few other changes that the Committee details in the subsequent section of

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<sup>1</sup> The Department of Insurance and Securities Regulation Establishment Act of 1996, effective May 21, 1997 (D.C. Law 11-268; [D.C. Official Code § 31-101 et seq.](#)).

<sup>2</sup> Department of Insurance, Securities, and Banking, [Mission and Vision](#), 2023.

<sup>3</sup> DC Official Code, [§ 31-2703. Making of rates](#).

<sup>4</sup> DISB email to Council Office of Racial Equity and the Committee on Business and Economic Development, July 17, 2023.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

this report. DISB and the Committee on Business and Economic Development are supportive of the Council adopting the temporary legislation as a permanent law.

## **II. STATEMENT OF PURPOSE AND EFFECT**

Bill 25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”, was introduced on February 23, 2023, by Chairman Mendelson at the request of the Mayor. The Chairman referred the bill to the Committee on Business and Economic Development on March 7, 2023. The Committee on Business and Economic Development held a public hearing on the bill on June 28, 2023.

### ***The Bill as Introduced***

As introduced, the legislation would change the motor vehicle and homeowner insurance rate filing standard from file and use to prior approval, with a 90-day period for DISB to review rate or premium charges before the Commissioner makes a determination on if they can be used. The legislation would allow rates or premium charges to be deemed approved if no determination is made within the 90-day period. It further codifies how the Commissioner will determine that a rate is excessive. If the Commissioner determines that a rate or premium charge may be excessive or unfairly discriminatory, the legislation would require the Commissioner to provide the insurer with notice of the determination and a hearing if they want to appeal that determination. Finally, the legislation also would require insurers to provide policyholders 60 day advance written notice of any rate or premium charge increase of 10% or more and would prohibit insurers who do not comply with the advance written notice requirement from implementing the increase until the end of the subsequent term of the policyholder’s policy.

### ***Committee Print***

The Committee Print makes a few changes to the introduced version after feedback from stakeholders and DISB. The Committee Print is identical to the final reading of temporary legislation passed unanimously by the Council on May 2, 2023.<sup>7</sup> The Committee Print changes are summarized in detail below.

#### ***A. Clarification of Impacted Lines of Insurance and Insurance Rates***

The Committee Print clarifies that the motor vehicle provisions apply only to private passenger or non-commercial motor vehicle insurers to reflect the motor vehicle rate filings that are most concerning to DISB given their impact on District residents. The Print also clarifies that DISB only has the authority to determine whether rates are excessive, not premium charges, to be consistent with DISB’s existing authority. Per DISB, insurance providers file rates with DISB for review which “determine the costs for specific benefits given the characteristics of the

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<sup>7</sup> Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023, effective July 20, 2023 (D.C. Act 25-104; 70 DCR 7916).

insured and premiums are the dollar amounts charged to insured that are developed from the rates.”<sup>8,9</sup>

### ***B. Advance Notice Requirements***

Under current law, insurers are not required to issue notices of renewals and rate increases to policyholders. The introduced legislation would have required insurers to provide advance written notice to policyholders only if their existing rate or premium charge would have increased by 10% or more. The Print revises this language to require private passenger or non-commercial motor vehicle insurers and homeowner insurers to provide written notices of all renewals. In conversation with DISB, the Committee learned that it would be administratively difficult for insurers to determine which drivers meet the 10% threshold given that the rate increase calculation includes various changes that the insured make themselves – i.e. changing their own limits or deductibles, adding new drivers and vehicles, replacing vehicles, having tickets or claims that impact their rate, etc.<sup>10</sup> The Committee is satisfied that a broader notice requirement will allow all drivers to determine whether their new rate warrants a search for alternative insurance.

The Committee Print also clarifies that insurers are required to provide advance written notice to the insured, not to the policyholder. This change is at the request of DISB and is intended to be consistent with the language that the Department uses in cancellation notices.<sup>11</sup> The Committee Print also reduces the advance notice requirement of renewals from 60 days to 45 days prior to renewal. The 45-day notice requirement brings the legislation in line with the longest advance notice requirements of other states, such as Maryland, New Jersey, and California.<sup>12</sup> The Committee believes that a 45-day notice requirement should still allow District residents sufficient time to review rates and if desired, shop for more affordable insurance.

### ***C. Applicability Date, Penalty, and Enforcement***

The Print includes an applicability date of September 1, 2023 for the 45-day written notice requirement of renewals. This was intended to give insurance providers time to update their systems and generate the notices once the Council unanimously passed corresponding emergency legislation on March 7, 2023.<sup>13</sup> As a result, it is retained in the Print. DISB began enforcing the 45-day notice requirement beginning on September 1, 2023, as allowed by the temporary legislation, effective July 20, 2023.

The introduced version of the legislation would prohibit insurers from implementing the rate or premium increase until the end of the subsequent term of the policyholder’s policy if they

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<sup>8</sup> DISB email to the Committee on Business and Economic Development, April 28, 2023.

<sup>9</sup> For more details on insurance rates and premiums, see *Attachment E: Council Office of Racial Equity, Racial Equity Impact Assessment*.

<sup>10</sup> Calls with DISB and DISB email to the Committee on Business Economic Development, April 28, 2023.

<sup>11</sup> [D.C. Mun. Regs. tit. 26 § A301](#) – Procedure for Cancellation or Nonrenewal.

<sup>12</sup> DISB provided the American Property Casualty Insurance Association’s Review of State Advance Notice Requirements on April 25, 2023. This resource is not publicly available.

<sup>13</sup> Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2023, expired June 22, 2023 (D.C. Act 25-058; 70 DCR 3813).

do not comply with the written notice requirement. The sole public witness who testified on behalf of the District of Columbia Insurance Federation recommended striking this penalty language primarily due to his belief that DISB already has regulatory authority to penalize insurers for noncompliance. While DISB acknowledged that they would be able to enforce the advance notice requirement through regulations, DISB is supportive of retaining statutory enforcement authority in the Print. The Committee similarly believes that statutory authority will specify the penalty and allow DISB to broadly enforce the law without having to take one-off actions such as conducting a market conduct examination to assess fines. Furthermore, the Committee sees no harm in specifying the penalty in the statutory language.

Overall, the Committee Print for this bill reflects the testimonies at the hearing and advances greater consumer protections for District residents with private passenger or non-commercial motor vehicle and homeowner insurance.

### **III. LEGISLATIVE HISTORY**

February 23, 2023	B25-150 is introduced by Chairman Mendelson at the request of the Mayor in the Office of the Secretary.
March 3, 2023	Notice of Intent to Act on B25-150 is published in the <i>District of Columbia Register</i> .
March 7, 2023	B25-150 is referred to the Committee on Business and Economic Development.
June 6, 2023	Notice of Public Hearing is filed in the Office of the Secretary.
June 9, 2023	Notice of Public Hearing is published in the <i>District of Columbia Register</i> .
June 28, 2023	The Committee on Business and Economic Development held a public Hearing on B25-150.
October 16, 2023	Notice of Mark-up is filed in the Office of the Secretary by the Committee on Business and Economic Development.
October 18, 2023	B25-150 is marked up by the Committee on Business and Economic Development.

### **IV. POSITION OF THE EXECUTIVE**

The Committee on Business and Economic Development held a public hearing on the bill on June 28, 2023, and received oral and written testimony from Philip Barlow, Associate Commissioner, Department of Insurance, Securities and Banking (DISB). Associate Commissioner Barlow testified in support of B25-150 and he encouraged the Committee to incorporate the temporary legislation changes passed by Council on May 2, 2023, into the

Committee Print.<sup>14</sup> Associate Commissioner Barlow also noted that the temporary changes have been implemented in several jurisdictions and have been beneficial to policyholders.

During discussion with Chairperson McDuffie, Associate Commissioner Barlow shared that DISB has heard from DC residents about increases to auto insurance rates, and homeowner rates to a lesser extent. In response to a public witness's recommendation that part of subparagraph C be struck due to their interpretation of DISB's existing *regulatory* enforcement authority, Associate Commissioner Barlow testified that the Department supports retaining *statutory* enforcement authority in the Committee Print. However, he acknowledged that absent the statutory authority proposed in subparagraph C, DISB would still be able to enforce that requirement on insurance providers should they miss the 45-day notice requirement and would likely do so. He noted that such enforcement could include prohibiting the rate increase and conducting a market conduct examination on the insurance provider that would enable DISB to take other actions against the provider including fines. However, he wasn't aware of any jurisdiction that has adopted this change as recommended by the public witness.

Additionally, Associate Commissioner Barlow testified that the DISB Commissioner plans to enforce the 45-day notice requirement beginning on September 1, 2023, as allowed by the temporary legislation, effective July 20, 2023. However, if they receive reasonable and creditable information from insurance providers that they cannot meet the September 1<sup>st</sup> deadline, they would be open to pushing that date back.

## **V. ADVISORY NEIGHBORHOOD COMMISSION COMMENTS**

The Committee has not received a formal resolution on B25-150 from any Advisory Neighborhood Commissions.

## **VI. WITNESS LIST AND HEARING RECORD**

On June 28, 2023, the Committee on Business and Economic Development held a public hearing on B25-150. The witness list and hearing record for this measure are attached hereto and hereby incorporated by reference. A video recording of the hearing can be viewed online at [www.oct.dc.gov](http://www.oct.dc.gov). Written statements submitted for the record are also attached hereto and hereby incorporated by reference. The following individuals provided testimony:

### **Public Witness**

*Thomas M. Glassic, Esq., Executive Director, The District of Columbia Insurance Federation*

Thomas M. Glassic provided written and oral testimony on behalf of the District of Columbia Insurance Federation (DCIF) and in coordination with DCIF's national property casualty insurance trade association members, the American Property Casualty Insurance Association (APCIA), and the National Association of Mutual Insurance Companies (NAMIC).

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<sup>14</sup> Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023, effective July 20, 2023 (D.C. Act 25-104; 70 DCR 7916).

Mr. Glassic testified that these four entities represent the majority of insurers who write motor vehicle and homeowner coverage in the District.

Mr. Glassic testified in support of the Committee incorporating the language from the temporary bill unanimously passed by Council on May 2, 2023, into the Committee Print.<sup>15</sup> Mr. Glassic also recommended one outstanding change. He recommended that the Committee strike language from subparagraph C that would prohibit insurance providers from increasing rates until the end of the subsequent term if the insurer fails to provide written notice at least 45 days before the end of the current term of the policyholder's policy. Mr. Glassic, and the insurance providers he represents, believe that DISB already possesses regulatory authority to enforce the 45-day notice requirement without creating a statutory requirement. Mr. Glassic also testified that if an insurer doesn't meet the 45-day notice requirement and are prohibited from raising rates until the end of the subsequent term, policyholders will face larger rate increases as a result.

In conversation with Chairperson McDuffie, Mr. Glassic noted that they have discussed the one outstanding change with DISB but that DISB has not agreed to support those changes to the legislation. Mr. Glassic concluded by stating that, "this is not a hill either side is willing to die on."

## **VII. IMPACT ON EXISTING LAW**

B25-150 amends An Act to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, to change the private passenger or non-commercial motor vehicle and homeowner insurance rate filing standard from file and use to prior approval with a 90-day review period; to require notice and opportunity for a hearing before a rate filing is determined to be excessive or unfairly discriminatory; and, beginning on September 1, 2023, to require an insurer to provide an insured 45-day written notice before renewal of a policy and specify the penalty for noncompliance.

## **VIII. FISCAL IMPACT**

The Committee adopts the attached fiscal impact statement of the District's Chief Financial Officer.

## **IX. RACIAL EQUITY IMPACT**

The Committee adopts the racial equity impact analysis (REIA) from the Council's Office of Racial Equity, which is attached. The assessment concludes that Bill 25-150 will likely improve economic outcomes and the wellbeing of Black, Indigenous, and other residents of color who have motor vehicle or homeowners insurance now or in the future in the District of Columbia. The Committee agrees with that assessment.

For future consideration, the assessment finds that the bill does not address racial inequities in motor vehicle and homeowner insurance rates and premiums and that current law does not

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<sup>15</sup> *Ibid.*

define “unfairly discriminatory.” The REIA acknowledges that DISB is “in the process of a first-in-the nation evaluation of automobile insurance for potential unintended racial bias in rate setting.” This evaluation was a topic of the Committee’s Performance Oversight Hearing with DISB on February 8, 2023. The Committee eagerly awaits the results of this evaluation and will be open to advancing legislation to remedy those racial biases. The results of this evaluation can also be used to determine if and how “adequate, not excessive, and not unfairly discriminatory” should be redefined. For now, the Committee Print retains language in the introduced version that codifies how the Commissioner will determine if a rate is excessive.

## **X. SECTION-BY-SECTION ANALYSIS**

- |                         |   |
|-------------------------|---|
| <b><u>Section 1</u></b> | Contains the short title of the legislation.  |
| <b><u>Section 2</u></b> | Amends An Act to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, to change the private passenger or non-commercial motor vehicle and homeowner insurance rate filing standard from file and use to prior approval with a 90-day review period; to require notice and opportunity for a hearing before a rate filing is determined to be excessive or unfairly discriminatory; and, beginning on September 1, 2023, to require an insurer to provide an insured 45-day written notice before renewal of a policy and specify the penalty for noncompliance. |
| <b><u>Section 3</u></b> | Adopts the fiscal impact statement.   |
| <b><u>Section 4</u></b> | Contains the effective date.  |

## **XI. COMMITTEE ACTION**

On October 18, 2023, the Committee on Business and Economic Development held a markup to consider B25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”. The markup was called to order at 10:21 a.m. Chairperson McDuffie recognized a quorum consisting of himself and Councilmembers Charles Allen and Anita Bonds. Chairperson McDuffie, without objection, moved the Committee Print and Committee Report for B25-150 with leave for staff to make technical and conforming changes. There was no discussion. The Committee voted 3-0 to approve the Committee Print and Committee Report with the members voting as follows:

*YES:* Chairperson McDuffie and Councilmembers Allen and Bonds

*NO:*

*PRESENT:*

*ABSENT:* Councilmembers Vince Gray and Brooke Pinto



## **XII. ATTACHMENTS**

- (A) Bill 25-150, as introduced.
- (B) Notice of Public Hearing on B25-150, as published in the *District of Columbia Register*
- (C) Public Hearing Agenda, Witness List, and Witness Testimony
- (D) Fiscal Impact Statement
- (E) Racial Equity Impact Assessment
- (F) Legal Sufficiency Determination
- (G) Comparative Print of B25-150
- (H) Committee Print of B25-150

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**MURIEL BOWSER**

**MAYOR**

February 23, 2023

The Honorable Phil Mendelson, Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

Dear Chairman Mendelson:

Enclosed for consideration and enactment by the Council of the District of Columbia are the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2023," the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023," and the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023," along with an accompanying emergency declaration resolution. The purpose of the legislation is to change the motor vehicle and homeowner insurance rate filing standard from file and use to prior approval.

The Department of Insurance, Securities, and Banking ("Department") has noticed a trend in motor vehicle and homeowner insurance markets in the District where insurers have been requesting double-digit rate increases. In some cases, the increases are in excess of 20 percent. While insurers are entitled to an adequate premium rate in exchange for the insurance coverage they provide, the Commissioner is concerned about the impact of these rate increases on District residents.


In addition, because the rate filings of motor vehicle and homeowner insurers operate under a file and use standard in the District, insurers currently can implement the rate increases immediately upon filing the rates with the Commissioner. The Commissioner is concerned that the large premium increases could cause policyholders to miss payments due to their inability to afford the increased rates while at the same time lacking sufficient time to shop for more affordable insurance. Such an instance could result in policies lapsing due to non-payment and an increase in uninsured motorists. By enacting the legislation and changing the rate filing standard for motor vehicle and homeowner insurer rate filings from file and use to prior approval with a 90 day deemer, the Department will have time to review the filings to ensure that the rate increases are neither excessive nor discriminatory before the new rates become effective. Moreover, the legislation will require motor vehicle and homeowner insurers to provide policyholders 60 days advance written notice for any rate increase of 10% or more.

Accordingly, I urge the Council to take prompt and favorable action on the enclosed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser

  
Chairman Phil Mendelson  
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend An Act to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, to change the motor vehicle and homeowner insurance rate filing standard from file and use to prior approval with a 90-day deemer, to require notice and opportunity for a hearing before a rate filing is determined to be excessive or unfairly discriminatory; and to require insurers to provide policyholders 60 day advance written notice of any rate increase of 10% or more.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, that this Act may be cited as the "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023".

Sec. 2. An Act To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved May 20, 1948 (62 Stat. 243; D.C. Official Code §§ 31-2701 *et seq.*), is amended follows:

(a) Section 3(f)(2) (D.C. Official Code § 31-2703(f)(2)) is amended to read as follows:

"(2)(A) Each final rate or premium charge proposed to be used by any motor vehicle or homeowner insurer shall be filed with the Commissioner and shall be adequate, not excessive, and not unfairly discriminatory. Before a motor vehicle or homeowner rate or premium charge filing shall become effective, the Commissioner shall have the authority to determine, within 90 days after the filing date, that a rate or

37 premium charge is excessive if the rate or premium charge is unreasonably high for the  
38 insurance provided and is not actuarially justified based on commonly accepted actuarial  
39 principles. In determining whether a rate complies with the standards set forth in the prior  
40 sentence, due consideration shall be given for past and prospective loss experience within  
41 and outside the District, a reasonable margin for underwriting profit and contingencies,  
42 dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to  
43 their policyholders or members or subscribers, past and prospective expenses, both  
44 nationwide and in the District, and investment income earned or realized by insurers both  
45 from their unearned premiums and from their loss reserve funds.

46                   “(B) If the Commissioner does not make a determination on a  
47 proposed rate or premium charge within the 90-day period, the rate or premium charge  
48 shall be deemed approved. If the Commissioner determines, within the 90-day period,  
49 that a motor vehicle or homeowner rate or premium charge may be excessive or unfairly  
50 discriminatory, the Commissioner shall provide the insurer with notice of the  
51 determination and the reasons therefor and an opportunity for a hearing. A hearing must  
52 be requested by the insurer within 15 days after the notice is provided to the insurer by  
53 the Commissioner. A hearing shall be held by the Commissioner within 60 days after a  
54 written request is timely received from the insurer and the Commissioner shall issue a  
55 final order within 30 days after the close of the hearing record. The cost of the hearing  
56 shall be borne by the insurer requesting the rate increase. If the Commissioner finds after  
57 a hearing that a rate or premium charge is not in compliance with this paragraph, the  
58 Commissioner shall order that its use be discontinued for any policy issued or renewed



59 after a date specified in the order and the order may prospectively provide for a rate  
60 premium charge adjustment of any policy then in force.

61 “(C) If a final rate or premium charge to be implemented by an  
62 insurer will increase the existing rate or premium charge of a policyholder by 10% or  
63 more, the insurer shall provide the policyholder written notice of the percentage and  
64 amount of such increase as it pertains to the individual policyholder at least 60 days, and  
65 not more than 90 days, before the increase will be applied to the policyholder’s insurance  
66 policy. If the insurer is unable to provide written notice at least 60 days before the end of  
67 the current term of the policyholder’s policy, then the insurer must wait until the end of  
68 the subsequent term of the policyholder’s policy to implement the rate or premium  
69 increase.”.

70 (b) Section 4(c)(2)(A)(ii) (D.C. Official Code § 31-2704(c)(2)(A)(ii)) is amended  
71 to read as follows:

72 “(ii) The order is made after the prescribed investigation  
73 and hearing and within 30 days after the filing of rates affected, except as otherwise  
74 permitted by § 3(f)(2) of the act.”

75 Sec. 3. Fiscal impact statement.

76 The Council adopts the fiscal impact statement of the Chief Financial Officer as  
77 the fiscal impact statement required by section 4a of the General Legislative Procedures  
78 Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-  
79 301.47a).

80 Sec. 4. Effective date.

81           This act shall take effect following approval by the Mayor (or in the event of veto  
82   by the Mayor, action by the Council to override the veto), and a 30-day period of  
83   Congressional review as provided in section 602(c)(1) of the District of Columbia Home  
84   Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-206(c)(1)), and  
85   publication in the District of Columbia Register.

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Attorney General



Legal Counsel Division

**MEMORANDUM**

**TO:** Beverly L. Perry  
Senior Advisor  
Office of the Senior Advisor

**FROM:** Megan D. Browder  
Deputy Attorney General  
Legal Counsel Division

**DATE:** November 8, 2022

**RE:** Legal Sufficiency Certification of Draft Legislation, the "Motor Vehicle and Homeowner Insurance Prior Approval Filing Amendment Act of 2022," Emergency Version and Resolution, and Transmittal Letter  
(AE-22-166)

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**This is to Certify that** this Office has reviewed the above-referenced draft legislation and found it to be legally sufficient. If you have any questions, please do not hesitate to call me at (202) 724-5524.

A handwritten signature in black ink that reads "Megan D. Browder". The signature is fluid and cursive, with the last name "Browder" being more prominent.

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Megan D. Browder



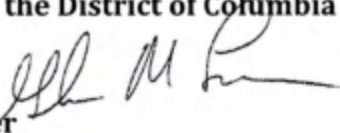
Government of the District of Columbia  
Office of the Chief Financial Officer



Glen Lee  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Glen Lee   
Chief Financial Officer

**DATE:** November 7, 2022

**SUBJECT:** Fiscal Impact Statement – Motor Vehicle and Homeowner Insurance  
Prior Approval Rate Filing Emergency Amendment Act of 2022

**REFERENCE:** Draft Bill as provided to the Office of Revenue Analysis on October 27,  
2022

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**Conclusion**

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

**Background**

The Department of Insurance, Securities and Banking (DISB) approves rate adjustments from insurers to ensure they are adequate, not excessive, and not unfairly discriminatory.<sup>1</sup> For motor vehicle insurance, DISB allows an insurer to file their new rates and then begin charging those rates prior to DISB approval.

The bill changes the standard and applies it to homeowner insurers as well. Both motor vehicle and homeowner insurance companies will need to file new rates and wait up to 60 days for DISB to approve or deny the rates. If DISB does not decide on the rates within that time, then the rates are deemed to be approved. An insurer can appeal a DISB decision that rates are excessive or discriminatory within 60 days of the decision.

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<sup>1</sup> An Act to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved May 20, 1968 (62 Stat. 242; D.C. Official Code § 31-2703(f)(2)).

The Honorable Phil Mendelson

FIS: "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Emergency Amendment Act of 2022," Draft Bill as provided to the Office of Revenue Analysis on October 27, 2022

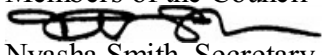
### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. DISB currently holds hearings for adverse rulings and can absorb any costs associated with holding these hearings prior to authorizing an insurer to impose new rates.

**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**1350 Pennsylvania Avenue, N.W.**  
**Washington D.C. 20004**

Memorandum

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To : Members of the Council  
From :  Nyasha Smith, Secretary to the Council  
Date : Tuesday, February 28, 2023  
Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Thursday, February 23, 2023. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023", B25-0150

INTRODUCED BY: Chairman Mendelson, at the request of Mayor

The Chairman is referring this legislation to the Committee on Business and Economic Development.

Attachment  
cc: General Counsel  
Budget Director  
Legislative Services

B

**Council of the District of Columbia**  
**COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT**  
**NOTICE OF PUBLIC HEARING**  
1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

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**COUNCILMEMBER KENYAN R. McDUFFIE, CHAIRPERSON**  
**COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT**

**ANNOUNCES A**  
**PUBLIC HEARING ON**

**B25-0126, THE “LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION  
AMENDMENT ACT OF 2023”**

**B25-0150, THE “MOTOR VEHICLE AND HOMEOWNER INSURANCE PRIOR  
APPROVAL RATE FILING AMENDMENT ACT OF 2023”**

**B25-0281, “THE GRACE COVENANT CHURCH EQUITABLE REAL PROPERTY TAX  
RELIEF ACT OF 2023”**

**PR25-0261, THE “LAUNCHPAD DEVELOPMENT THREE DC, LLC REVENUE  
BONDS PROJECT APPROVAL RESOLUTION OF 2023”**

**Wednesday, June 28, 2023, at 10:00 a.m.**

**Room 120 and via Zoom Video Conference Broadcast**

**Streamed live at <https://www.youtube.com/channel/UCbFwXXcbCuQk3-zlwqe97mA/streams>**

**Viewable on the DC Council Website ([www.dccouncil.gov](http://www.dccouncil.gov))**

On Wednesday, June 28, 2023, Councilmember Kenyan R. McDuffie, Chairperson of the Committee on Business and Economic Development, will hold a public hearing to consider the following measures:

- B25-0126, the “Life and Health Insurance Guaranty Association Amendment Act of 2023”
- B25-0150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”
- B25-0281, “The Grace Covenant Church Equitable Real Property Tax Relief Act of 2023”
- PR25-0261, the “Launchpad Development Three DC, LLC Revenue Bonds Project Approval Resolution of 2023”

Bill 25-0126, the “Life and Health Insurance Guaranty Association Amendment Act of 2023” would add health maintenance organizations as member insurers and make life insurers subject to assessments relating to long-term care insurance. It would modify the size of the Board of Directors of the Life and Health Insurance Guaranty Association and authorize the filing of certain actuarially

justified rate or premium increases. The bill also repeals insolvency provisions in the Health Maintenance Organization Act of 1996.

Bill 25-0150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023” would change the motor vehicle and homeowner insurance rate filing standard to prior approval with a 90-day deemer. It would require a hearing before a rate filing is determined to be excessive or discriminatory. The bill would also require insurers to provide policyholders 60 day advance written notice of any rate increase of 10% or more.

Bill 25-0281, “The Grace Covenant Church Equitable Real Property Tax Relief Act of 2023” would forgive real property taxes, interest, penalties, fees, and other related charges assessed against Lot 0800 in Square 4138, property owned by Grace Covenant Church, for the tax years beginning October 1, 8 2019, and ending September 30, 2022.

Proposed Resolution 25-0261, the “Launchpad Development Three DC, LLC Revenue Bonds Project Approval Resolution of 2023” would authorize the issuance, sale, and delivery of tax-exempt revenue bonds, notes, or other obligations in aggregate principal amount not to exceed \$32,000,000 to assist Launchpad in the financing, refinancing, or reimbursing of costs associated with an authorized project in Ward 5 pursuant to section 490 of the District of Columbia Home Rule Act.

The Committee invites the public to testify virtually or to submit written testimony. Anyone wishing to testify virtually must register **by Monday, June 26, 2023 at 5:00 p.m.** here: <https://forms.office.com/g/byP4J3TVuq>.

Witnesses are encouraged to submit their written testimony in advance of the hearing to [BusinessEconomicDevelopment@dccouncil.gov](mailto:BusinessEconomicDevelopment@dccouncil.gov). To be included in the record, please indicate that you are submitting testimony for this hearing in the subject line of the e-mail. **The record for this hearing will close on Friday, June 30, 2023 at 5:00 p.m.**

All public witnesses will be allowed a maximum of three minutes to testify. At the discretion of the Chair, the length of time provided for oral testimony may be reduced or extended.

For accommodation requests, including spoken language or sign language interpretation, please email [BusinessEconomicDevelopment@dccouncil.gov](mailto:BusinessEconomicDevelopment@dccouncil.gov) of the need as soon as possible, but no later than five (5) business days before the proceeding. The Council will make every effort to fulfill timely requests. However, requests received less than five (5) business days prior to the hearing may not be fulfilled and alternatives may be offered.

Please contact [BusinessEconomicDevelopment@dccouncil.gov](mailto:BusinessEconomicDevelopment@dccouncil.gov) for additional information.

C

**Council of the District of Columbia**  
**COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT**  
**AGENDA AND WITNESS LIST**  
1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

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**COUNCILMEMBER KENYAN R. McDUFFIE, CHAIRPERSON**  
**COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT**

**ANNOUNCES A**  
**PUBLIC HEARING ON**

**B25-0126, THE “LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION**  
**AMENDMENT ACT OF 2023”**

**B25-0150, THE “MOTOR VEHICLE AND HOMEOWNER INSURANCE PRIOR**  
**APPROVAL RATE FILING AMENDMENT ACT OF 2023”**

**B25-0281, “THE GRACE COVENANT CHURCH EQUITABLE REAL PROPERTY TAX**  
**RELIEF ACT OF 2023”**

**PR25-0261, THE “LAUNCHPAD DEVELOPMENT THREE DC, LLC REVENUE**  
**BONDS PROJECT APPROVAL RESOLUTION OF 2023”**

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**AGENDA AND WITNESS LIST**

**I. CALL TO ORDER**

**II. OPENING REMARKS**

**III. WITNESS TESTIMONY**

**A. B25-0281, “The Grace Covenant Church Equitable Real Property Tax Relief Act of 2023”**

**Public Witnesses**

1. Donnell Jones, Pastor, Grace Covenant Church
2. Marianne Jones, Pastor, Grace Covenant Church
3. Brandon Small, Elder, Grace Covenant Church
4. Tanzania Williams, Public Witness



**Government Witness**

1. Rick Liu, Senior Policy Analyst, Economic Development Finance, Office of the Chief Financial Officer

**B. B25-0126, the “Life and Health Insurance Guaranty Association Amendment Act of 2023”**

**Public Witnesses**

1. Beth Hoffman, Executive Director, District of Columbia Life and Health Insurance Guaranty Association
2. Wayne Mehlman, Senior Counsel, American Council of Life Insurers
3. Thomas Glassic, Executive Director, D.C. Insurance Federation

**Government Witness**

1. Sharon Shipp, Deputy Commissioner, Market Compliance, Department of Insurance, Securities and Banking

**C. B25-0150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”**

**Public Witness**

1. Thomas Glassic, Executive Director, D.C. Insurance Federation

**Government Witness**

1. Philip Barlow, Associate Commissioner, Insurance Bureau, Department of Insurance, Securities and Banking

**D. PR25-0261, the “Launchpad Development Three DC, LLC Revenue Bonds Project Approval Resolution of 2023”**

**Public Witnesses**

1. Sean Glynn, Partner, ArentFox Schiff LLP
2. Ben Carson, Executive Director, Launchpad Development

**Government Witness**

1. Gregory Johnson, Project Manager, DC Revenue Bond Program, Office of the Deputy Mayor for Planning & Economic Development

**IV. ADJOURNMENT**

**Written Testimony**  
**Thomas M. Glassic, Esq.,**  
**Executive Director**  
**The District of Columbia Insurance**  
**Federation**  
**to the**  
**DC Council Committee on Business**  
**and Economic Development**

**June 28, 2023**

**\*\*\*\*\***

**Motor Vehicle & Homeowner**  
**Insurance Prior Approval Rate**  
**Filing Amendment Act of 2023,**

**B25-0150**

Chairman McDuffie and Members of the Committee –

The District of Columbia Insurance Federation (DCIF) in coordination with DFIC’s national, property casualty insurance trade association members, the American Property Casualty Insurance Association (ACPIA) and the National Association of Mutual Insurance Companies (NAMIC) are pleased to participate in the process leading to the passage of an amended version of B25-0150, the “Motor Vehicle & Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023”. Together, DCIF, APCIA, and NAMIC (“the Joint Trades”) represent the overwhelming majority of insurers who write motor vehicle and homeowner coverage in the District.

As introduced, B25-0150 would: (i) change the District’s motor vehicle and homeowner insurance rate filing standard from ‘file and use’ to ‘prior approval’ with a 90-day ‘deemer’; (ii) require a hearing before a rate filing is determined to be excessive or discriminatory; and, (iii) require insurers to provide policyholders 60-day advance written notice of any rate increase of 10% or more.

Since introduction of the Emergency (B25-0147), Temporary (B25-0148) and Permanent versions of this legislation, the Joint Trades remain not opposed to this change in DC policy. However, the Joint Trades and our member companies have identified several drafting and structural ambiguities in the introduced text. The Joint Trades promptly identified these concerns to the Department of Insurance, Securities and Banking (DISB) and the Committee’s professional staff. With the helpful engagement of Committee staff, the Joint Trades and DISB reached a mutual understanding as to a set of principles to guide amendment of the legislation. These principles were reduced to amendment text that was incorporated into the Temporary by the Council in May.

The Joint Trades encourage the Committee to amend the Permanent in much the same way as the Council amended the Temporary. Agreed by DISB and the Joint Trades, these amendments:

- (i) clarify that the legislation does not apply to commercial auto nor commercial property insurance;
- (ii) clarify that the legislation and underlying statute only apply to ‘rate’ not ‘premium’;
- (iii) provide all policyholders at least 45 days notice to shop before renewal; and,
- (iv) allow the Commissioner to identify a date after September 1, 2023 on which insurers need comply with the new, 45-day notice requirement.

In addition to these mutually agreed amendments, the Joint Trades strongly believe that the following sentence should be stricken from subparagraph (C) of the Permanent legislation:

If the insurer fails to provide written notice at least 45 days before the end of the current term of the policyholder's policy, the insurer shall wait until the end of the subsequent term of the policyholder's policy to implement the rate or premium increase.

The Joint Trades make this recommendation not to avoid insurers' responsibility to provide the new, 45-day notice requirement, but rather because DISB already possesses regulatory authority to enforce the new, 45-day notice requirement without creating a rigid, new, statutory requirement. Under DISB's existing, 'market conduct' authority, DISB has the authority to examine and penalize any insurer not complying with the 45-day notice requirement. Creating such a rigid, new statutory requirement creates a situation where a policyholder, because of a likely benign data processing error is unaware of their actual, DISB-approved, risk-based insurance rate for an entire year only to be surprised with an even larger, DISB-approved, risk-based insurance rate increase the following year.

Regulator-approved, risk-based insurance rates and their related premiums are the most effective way to convey actual risk to District consumers and residents, generally. Legislative or regulatory efforts that obscure consumers' access to risk-based insurance rates and their related premiums may result in short-term relief, but ultimately are a disservice to consumers by creating a false sense of security inconsistent with consumers' actual risk. For these reasons, the Joint Trades strongly encourage the Committee to strike the above referenced sentence from the final Permanent legislative text of B25-0150.

The Joint Trades look forward to working with the Committee and DISB to agree final amendments to B25-0150 that best serve consumers in the District by accurately conveying consumers' actual risk for non-commercial motor vehicle and homeowner coverage.

Respectfully submitted,

Thomas M. Glassic, Esq.  
Executive Director,  
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[Thomas.Glassic@dcif.org](mailto:Thomas.Glassic@dcif.org)

Nancy J. Egan, Esq.  
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**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Insurance, Securities and Banking**



Public Hearing on

B25-0150, THE “MOTOR VEHICLE AND HOMEOWNER INSURANCE PRIOR  
APPROVAL RATE FILING AMENDMENT ACT OF 2023”

**Testimony of**

**Philip Barlow**

Associate Commissioner

Department of Insurance, Securities and Banking

Before the

Committee on Business and Economic Development

Councilmember Kenyan R. McDuffie, Chairperson

Wednesday, June 28, 2023, 10:00 a.m.

Room 120 and via Zoom Video Conference Broadcast Streamed live at

<https://www.youtube.com/channel/UCbFwXXcbCuQk3-zlwqe97mA/streams>

Good morning, Chairperson McDuffie, Committee members, staff, and District residents. I am Philip Barlow, Associate Commissioner of the Insurance Bureau with the Department of Insurance, Securities and Banking (DISB). I appreciate the opportunity to testify today in support of B25-150, the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Amendment Act of 2023.”

DISB regulates the insurance, securities, banking, and other financial services entities doing business in the District of Columbia. Our mission is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for small businesses. We accomplish this by effectively regulating the District’s financial services industry to ensure District residents have access to a wide array of financial services, products and providers. We also work to sustain a District business climate that encourages fair and open competition.

By way of background, Bill 25-150 was enacted on an emergency basis by the Council. After the enactment of the emergency bill and prior to the enactment of the temporary legislation, DISB proposed changes to Bill-25-150, which were accepted by the Council and included in the temporary legislation.

Bill 25-150, as revised, would amend the Act to provide for the regulation of certain insurance rates in the District of Columbia by prohibiting insurance companies from implementing rate increases for private passenger automobile or homeowners’ insurance immediately upon filing the request for the rate increase with the Commissioner.

Upon enactment, the Commissioner will have 90 days to determine if the rate increase is excessive, or not actuarially justified based on commonly accepted actuarial principles. If the

Commissioner determines, within the 90-day review period, that a private passenger or homeowners insurance rate increase is excessive or unfairly discriminatory, the Commissioner may deny the requested rate increase, and the insurer will have the ability to request a hearing. If the Commissioner fails to decide on a proposed rate increase within the 90-day period, the rate increase shall be deemed approved. Replacing the previous “file and use” standard with a “prior approval” standard will enable the Commissioner to carefully consider all rate increases to ensure that they are actuarially justified prior to implementation.

In addition, beginning on September 1, 2023, or such later date as determined by the Commissioner, insurers writing private passenger and homeowner’s insurance will be required to provide written notice at least 45 days and not more than 90 days before renewal of the policy. An insurer that fails to provide at least 45 days’ written notice before the end of the current term of the policyholder’s policy, shall be required to wait until the end of the subsequent term of the policyholder’s policy to implement the rate increase.

This change will give policyholders facing an increase with additional time to shop for replacement coverage. These changes have been implemented in several other jurisdictions and have been beneficial to policyholders.

Thank you for the opportunity to testify and I look forward to answering any questions you may have.

D




Government of the District of Columbia  
Office of the Chief Financial Officer



**Glen Lee**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** October 16, 2023

**SUBJECT:** Fiscal Impact Statement – Motor Vehicle and Homeowner Insurance  
Prior Approval Rate Filing Amendment Act of 2023

**REFERENCE:** Draft bill as provided to the Office of Revenue Analysis on October 10,  
2023

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**Conclusion**

Funds are sufficient in the fiscal year 2024 through fiscal year 2027 budget and financial plan to implement the bill.

**Background**

The Department of Insurance, Securities and Banking (DISB) approves rate adjustments from insurers to ensure they are adequate, not excessive, and not unfairly discriminatory. For motor vehicle insurance, DISB allows an insurer to file their new rates and then begin charging those rates prior to DISB approval.

The bill changes that process and expands it to cover homeowner insurers as well. Both motor vehicle and homeowner insurance companies will need to file new rates and wait up to 90 days for DISB to approve or deny the rates. If DISB does not decide on the rates within that time, then the rates are deemed to be approved. An insurer can appeal a DISB decision that rates are excessive or discriminatory.

**Financial Plan Impact**

There is no fiscal impact of the bill on the fiscal year 2024 through fiscal year 2027 financial plan. DISB currently holds hearings for adverse rulings and can absorb any costs associated with holding these hearings prior to authorizing an insurer to impose new rates.

E



October 17, 2023

The Council Office of Racial Equity has reviewed the changes between the introduced version of Bill 25-0150 and the Committee Print. Though edits have been made, the following conclusion and considerations from our previous Racial Equity Impact Assessment (REIA) on the introduced bill still apply. The REIA on the introduced bill is attached.

### **BILL SUMMARY**

Bill 25-0150 requires the DC Department of Insurance, Securities, and Banking to approve all private passenger and non-commercial vehicle insurance and homeowner insurance rates before companies apply them to policyholders (i.e., residents with insurance policies). In addition, the bill requires all private passenger and non-commercial vehicle insurance and homeowner insurance providers to notify policyholders about insurance rate or premium increases between 45 and 90 days in advance.

### **CONCLUSION**

Bill 25-0150 will likely improve economic outcomes and the wellbeing of Black, Indigenous, and other residents of color who have motor vehicle or homeowners insurance now or in the future in the District of Columbia.

### **FURTHER CONSIDERATIONS**

- B25-0150 does not address racial inequities in motor vehicle and homeowner insurance rates and premiums.
- Current law does not define “unfairly discriminatory.”

*Please note: The REIA attached describes the introduced bill, not the Committee Print. To understand the differences between the introduced bill and Committee Print, please review the [Committee Report](#) for the bill (available after markup). For questions, please contact us at [CORE@dccouncil.gov](mailto:CORE@dccouncil.gov).*



**BILL 25-0150 AS INTRODUCED**  
**RACIAL EQUITY IMPACT ASSESSMENT**  
**MOTOR VEHICLE AND HOMEOWNER INSURANCE PRIOR**  
**APPROVAL RATE FILING AMENDMENT ACT OF 2023**

**TO:** The Honorable Phil Mendelson, Chairman, Council of the District of Columbia  
**FROM:** Namita Mody, Director, Council Office of Racial Equity *Namita H. Mody*  
**LEAD ANALYST:** Rolando Cuevas, Racial Equity Analyst  
**DATE:** July 26, 2023

**COMMITTEE**

Committee on Business and Economic Development

**BILL SUMMARY**

Bill 25-0150 requires the DC Department of Insurance, Securities, and Banking to approve all motor vehicle and homeowner insurance rates before companies apply them to policyholders (i.e., residents with insurance policies). In addition, the bill requires motor vehicle and homeowner insurance providers to notify policyholders about insurance rate or premium increases of 10% or more between 60 and 90 days in advance.

**CONCLUSION**

Bill 25-0150 will likely improve economic outcomes and the wellbeing of Black, Indigenous, and other residents of color who have motor vehicle or homeowners insurance now or in the future in the District of Columbia.

**FURTHER CONSIDERATIONS**

- B25-0150 does not address racial inequities in motor vehicle and homeowner insurance rates and premiums.
- Current law does not define “unfairly discriminatory.”

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**Content Warning:** The following content touches on racism, discrimination, and financial hardship. Some or all of these issues may trigger a strong emotional response. We encourage you to use this knowledge in the way that is most helpful to you.

## DOCUMENT OVERVIEW

The document you are about to read is a Racial Equity Impact Assessment, a careful and organized examination of how Bill 25-0150 will affect different racial and ethnic groups. In other words, this assessment answers the question, “If Bill 25-0150 passes, how will it impact Black, Indigenous, and other residents of color in the District of Columbia?”

A bill is a draft document that the Council considers before deciding whether it should become a law. First, a Councilmember (or a group of Councilmembers) introduces a bill. This draft is referred to as the “introduced version.” Then, the Chairman assigns the bill to committee(s) for consideration based on the topics covered in the bill. Five Councilmembers sit on each committee.

If the committee decides they would like to move the bill forward in the lawmaking process, the introduced version is presented at a public hearing. At a public hearing, residents, community organizations, government witnesses, and other stakeholders give input.

If the committee decides to continue moving the bill forward after the public hearing, the committee can make changes to the introduced version of the bill, including incorporating feedback from the public hearing. This updated version of the bill is referred to as the “committee print.”

The next step in the lawmaking—or legislative—process is a meeting called a “markup.” At a markup, the committee reviews the committee print and votes on whether to move it forward. If the committee vote passes, all thirteen Councilmembers then vote on whether the committee print should become law at a legislative meeting.

During Council Period 25 (from 2023-2024), the Council Office of Racial Equity can write up to two Racial Equity Impact Assessments (REIAs) while the Council is considering a bill.

First, we *must* write a REIA that analyzes the introduced version of the bill. We publish this REIA following the public hearing—this is the REIA you are reading now. If the committee decides to move the bill forward, we can also write a second REIA that analyzes the committee print. The REIA on the committee print is published ahead of the markup. To see if we have published a second REIA on this bill, please review [our REIA database](#).

For an in-depth explanation of the REIA process, see [CORE’s website](#).

## BILL SUMMARY

We hope this overview of terms provides helpful context for the bill and our discussion of the bill's racial equity impacts.

**FIGURE A** RELEVANT TERMS FOR BILL 25-0150

TERM	DEFINITION
<b>Motor Vehicle Insurance</b>	<p>A contract between a person and an insurance company where the person pays a monthly or annual payment (known as an insurance premium) in exchange for the company covering the costs of vehicle damages or accidents. (<a href="#">source</a>)</p> <p>Current law requires every resident with a registered vehicle to have motor vehicle insurance. (<a href="#">source</a>)</p>
<b>Homeowners Insurance</b>	<p>A contract between a person and an insurance company where the person pays a monthly or annual payment (known as an insurance premium) in exchange for the company covering the costs of a disaster (such as a fire) or any damages to the home or contents in the home. (<a href="#">source</a>)</p> <p>Current law does not require residents who own a home to have homeowners' insurance, though many mortgage lenders require buyers to have it. (<a href="#">source</a>)</p>
<b>Insurance Rate</b>	<p>A rate is the "base price" for an insurance policy. It is calculated with a formula that includes several characteristics (such as age, where a person lives, driving conduct, etc.). The formula and characteristics used to calculate the rate are filed for approval with the DC Department of Insurance, Securities, and Banking (DISB). (<a href="#">source</a>)</p>
<b>Insurance Premium</b>	<p>The amount a person pays for insurance depending on their characteristics. This amount is specific to every individual paying for insurance. (<a href="#">source</a>)</p>
<b>Insurance Policy</b>	<p>The insurance plan that a person buys.</p>
<b>Policyholder</b>	<p>The person whose name is on the insurance policy.</p>

*The following content describes Bill 25-0150 in plain language for the purposes of discussion. This explanation is not a substitute for the bill, or if passed, the law. Mentions of "bill" throughout this REIA refer to the introduced version.*

Bill 25-0150 makes changes to motor vehicle and homeowner insurance rate compliance processes and notices.

Specifically, Bill 25-0150:

- 1) **requires the DC Department of Insurance, Securities, and Banking (DISB) to approve all motor vehicle and homeowner insurance rates *before* companies apply them to policyholders.** Current law requires insurance providers to file and seek approval from DISB, but allows for insurance rates to be applied to residents' insurance plans as soon as they are filed.
- 2) **requires motor vehicle and homeowner insurance providers to notify policyholders about insurance rate or premium increases of 10% or more between 60 and 90 days in advance.** This

means an insurance provider cannot notify a resident of the rate increase 30 days in advance or 200 days in advance—this way, a resident has enough time to prepare for the increase *and* the notice is recent enough that they are less likely to forget it. Current law does not require these insurance providers to notify policyholders of rate or premium increases ahead of time.

- If the notice is not provided 60 days before the end of insurance policy, then the insurance provider must wait until the end of the next insurance term to implement the increase.

Under current law, if the DISB Commissioner determines an insurance rate to be noncompliant, then they can discontinue the rate or delay the rate to start at another date.

Additionally, the bill grants motor vehicle and homeowner insurance providers the option to request a hearing if the DISB Commissioner determines their insurance rates to be noncompliant. The insurance provider is required to cover all costs related to a hearing.

The bill’s proposed timeline and process for DISB’s review and for a hearing (if requested) is as follows:

- **Step 1:** The DISB Commissioner has 90 days to determine if an insurance provider’s rate is compliant. If the rate is compliant, then the insurance provider can use it. If DISB does not make a determination in 90 days, then the rate is approved.
- **Step 2:** If the DISB Commissioner determines an insurance provider’s rate to be noncompliant, then the insurance provider can request a hearing within 15 days of the determination.
- **Step 3:** After DISB receives the hearing request, they must hold a hearing within 60 days.
- **Step 4:** The hearing record closes and DISB must issue a final decision within 30 days.

For reference, Figure 1 highlights some of the major changes that Bill 25-0150 makes to current law. Please note that not all changes are listed.

**FIGURE 1**

CURRENT LAW	INTRODUCED VERSION
DISB Commissioner determines if <b>motor vehicle insurance rates</b> are “adequate, not excessive, and not unfairly discriminatory” <sup>1</sup> <b>after</b> the rates are already active	DISB Commissioner determines if <b>motor vehicle and homeowner insurance rates</b> are “adequate, not excessive, and not unfairly discriminatory” <sup>2</sup> <b>before</b> the rates can be used
<b>No mention of notice requirement</b> for motor vehicle and homeowner insurance rate increases	Requires motor vehicle and homeowner insurance providers to <b>notify policyholders</b> (i.e., residents) 60-90 days in advance of an insurance rate increase of 10% or more

## BACKGROUND

To analyze the racial equity impacts of this bill, it is critical to understand the context surrounding the issue as well as data on current racial inequities. Below, we provide background on the DC Department of

<sup>1</sup> [DC Code § 31-2703. Making of rates.](#)

<sup>2</sup> Ibid.

Insurance, Securities, and Banking, and summarize research on the racial inequities within motor vehicle and homeowners' insurance.

*Of course, we have not captured all relevant information related to these topics. We encourage you to dive further into the research on your own or by using the linked footnotes as a starting point.*

## Department of Insurance, Securities, and Banking

The DC Department of Insurance, Securities and Banking (DISB) regulates insurance companies, investment advisors, District and state-chartered banks, mortgage lenders, check cashers, money lenders, and student loan servicers, in addition to many other entities.<sup>3</sup> The agency also does broader work regarding the finances of District residents, as illustrated by the three aspects of the agency's mission to:

- 1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District;
- 2) empower and educate residents about financial matters; and
- 3) provide financing for District small businesses.<sup>4</sup>

The Insurance Division within DISB is primarily focused on handling “issues relating to the review and approval of rates and policy forms [contracts] of insurance products marketed in the District of Columbia.”<sup>5</sup>

Under current law, motor vehicle and homeowner insurance providers can apply new insurance rates to policyholders immediately without approval from DISB. However, providers are required to file these rates with DISB and ultimately receive approval—though after the rate is applied. This process is called “file and use”—meaning providers can *use* rates once they file them and while they are pending approval. The bill changes this process to a “prior approval” model. This process requires insurance providers to file their insurance rates and get approval from DISB *prior* to using their insurance rates.

Notably, most insurance providers have been following a prior approval model when filing their rates with DISB despite current law not requiring them do so. However, a few are now following the “file and use” model to quickly increase their prices (likely in response to inflation and other economic shifts, according to DISB).<sup>6</sup> The agency reports that, “in the last 18 months [DISB has] seen six rate filings propose 20% or greater increases and several others in the high teens.”<sup>7</sup> These sudden rate increases were cited as part of the introduction of this bill.<sup>8</sup>

## Motor Vehicle Insurance and Race

In the US, Black drivers are more likely to pay higher car insurance rates than white drivers—even when both drivers have the same driving conduct and the same insurance policy.<sup>9</sup> This is due to insurance providers using non-driving criteria to calculate insurance premiums, such as: type of employment, level of education attainment, homeownership status, and credit scores, among others.<sup>10</sup> Black residents are less likely have higher levels of formal education, are overrepresented in jobs with lower wages, and are more likely to have lower credit scores—all due to historical and ongoing racist efforts to deny Black residents

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<sup>3</sup> DC Department of Insurance, Securities & Banking. “[Mission and Vision](#).” Accessed July 2023.

<sup>4</sup> Ibid.

<sup>5</sup> DC Department of Insurance, Securities & Banking. “[Divisions](#).” Accessed July 2023.

<sup>6</sup> Communicated to CORE by DISB through email on July 17, 2023.

<sup>7</sup> Ibid.

<sup>8</sup> [Bill 25-0150](#) (introduced version from February 23, 2023).

<sup>9</sup> Consumer Federation of America. “[Systemic Racism in Auto Insurance Exists and Must Be Addressed By Insurance Commissioners and Lawmakers](#),” June 17, 2020.

<sup>10</sup> Ibid.



access to education, employment, and financing.<sup>11</sup> Though some insurance providers claim that their insurance rates are “color-blind and solely based on risk,”<sup>12</sup> the criteria are not color-blind given existing racial inequities within them.

Studies on racial inequities of motor vehicle insurance premiums are conclusive. A study from the Consumer Federation of America in 2015 found that Black drivers living in neighborhoods with mostly Black people pay 70% more on average than other drivers.<sup>13</sup> More recent studies from ProPublica in 2017<sup>14</sup> and Insurify in 2020<sup>15</sup> further validated these findings, highlighting that Black and other drivers of color are paying on average 20-30% more than white drivers.

Notably, DISB does not allow motor vehicle insurance providers to use zip codes as criteria for calculating insurance rates.<sup>16</sup>

## Homeowners Insurance and Race

Unlike motor vehicle insurance, current law does not require residents to have homeowners insurance when they own a home. However, most banks and mortgage lenders require it in order to provide a mortgage. As a result, more than 95% of homeowners in the US have homeowners insurance.<sup>17</sup>

Like motor vehicle insurance, there are also racial inequities within homeowners insurance premiums—though these racial inequities are less documented because data is less publicly available.<sup>18</sup>

Racial inequities within insurance pricing criteria drive racial inequities in insurance rates. Homeowners insurance rate criteria can include “history of past claims, the neighborhood and its crime rate, how widely available your building materials are, coverage options and the coverage amount you want, the condition of the home, and a consumer’s credit history, among others,” according to the Consumer Federation of America.<sup>19</sup> Redlining and segregation have resulted in neighborhood criteria increasing premiums for Black residents. In addition, studies show that people with lower credit scores on average pay 77% more for homeowners insurance than those with higher credit scores.<sup>20</sup> Black people are more likely to have lower credit scores in the US due to historical and ongoing denial of credit, employment, and financial services.<sup>21</sup>

Additionally, insurance providers have historically denied Black homeowners’ insurance policy applications and claims.<sup>22</sup> Some homeowners insurance providers have been sued for discrimination on the grounds that

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<sup>11</sup> D.C. Policy Center and Council Office of Racial Equity. “[DC Racial Equity Profile](#).” 2021.

<sup>12</sup> American Property Casualty Insurance Association. “[Auto Insurance Rates Are Based on Cost Drivers, Not Race](#),” November 18, 2015.

<sup>13</sup> Feltner, Tom, and Douglas Heller. “[High Price of Mandatory Auto Insurance in Predominantly African American Communities](#).” Consumer Federation of America, November 2015.

<sup>14</sup> Larson, Jeff, Lauren Kirchner, Mattu Surya, Dina Haner, Michael Saccucci, Keith Newsom-Stewart, Andrew Cohen, and Martin Romm. “[How We Examined Racial Discrimination in Auto Insurance Prices](#).” ProPublica and Consumer Reports, April 5, 2017.

<sup>15</sup> “[The Insurify Annual Report 2020](#).” Insurify. Insurify is an insurance comparison data company that provides data and reports on car and home insurance in the US. This report examined over 25 million car insurance rates from all 50 states and the District, including “car owners’ vehicles, driving history dating back seven years, and personal demographic information.”

<sup>16</sup> Communicated to CORE by DISB through email on July 11, 2023. “DISB has for over 20 years prohibited territorial ratings (e.g., zip codes) for setting rates due to the fact that the District is a small totally urban jurisdiction.”

<sup>17</sup> El, Sa. “[How Many People Have Home Insurance In The U.S?](#)” Simply Insurance, February 4, 2023.

<sup>18</sup> Flitter, Emily. “[Black Homeowners Struggle to Get Insurers to Pay Claims](#).” *The New York Times*, December 29, 2020.

<sup>19</sup> DeLong, Michael. “[How Racial Discrimination in Homeowners Insurance Contributes to Systemic Racism and Redlining](#).” *Consumer Federation of America* (blog), June 17, 2022.

<sup>20</sup> Deventer, Cate, and Amelia Buckley. “[Homeowners Insurance for People with Bad Credit](#).” Bankrate, March 15, 2023.

<sup>21</sup> D.C. Policy Center and Council Office of Racial Equity. “[DC Racial Equity Profile](#).” 2021.

<sup>22</sup> DeLong, Michael. “[How Racial Discrimination in Homeowners Insurance Contributes to Systemic Racism and Redlining](#).” *Consumer Federation of America* (blog), June 17, 2022.

they are more likely to deny Black policyholders' insurance claims—presuming that Black policyholders' claims are more likely to be fraudulent.<sup>23,24</sup>

## **RACIAL EQUITY IMPACTS**

**B25-0150's prior approval model will likely improve economic outcomes for Black, Indigenous, and other residents of color who have motor vehicle or homeowners insurance now or in the future.** The bill prohibits insurance providers from using rates that are inadequate, excessive, or unfairly discriminatory by requiring DISB's compliance review before rates are implemented. This limits the possibility that residents pay—even temporarily—for a non-compliant insurance policy. This is especially impactful given that insurance providers have recently increased their rates significantly while pending approval from DISB—the bill would require them to get these rates approved beforehand.

Black, Indigenous, and other residents of color are likely to be harmed by these rate increases—even if temporary—given that their households are overrepresented in lower income brackets.<sup>25</sup>

**B25-0150's notification requirement in advance of insurance rate and premium increases will likely improve the wellbeing of Black, Indigenous, and other residents of color who have motor vehicle or homeowners insurance now or in the future.** Although the bill does not address rising insurance costs in the District, it does provide some relief by ensuring advance notice.

Currently, Black and other policyholders of color pay more in insurance premiums than white policyholders. It is unclear if notifying policyholders of color in advance of a sizeable rate increase will help them prepare for additional costs, but it does provide them additional time to find another insurance policy.

## **FURTHER CONSIDERATIONS**

**B25-0150 does not address racial inequities in motor vehicle and homeowner insurance rates and premiums.** As mentioned previously, using socioeconomic criteria (or any non-driving related criteria) to determine insurance rates contributes to Black drivers paying more for motor vehicle insurance than white drivers. The bill does not change the use of these criteria for insurance rates, but rather changes when DISB makes their determination of the rate's compliance.

Notably, DISB is “in the process of a first-in-the nation evaluation of automobile insurance for potential unintended racial bias in rate setting.”<sup>26</sup> Additionally, DISB's Diversity, Equity, and Inclusion Working Group identified two policies that could address racial inequities in insurance rates. They include:

- “(1) prohibiting the use of credit scores, education, type of employment, household composition, prior insurance carrier, homeownership and other factors unrelated to a person's driving record in pricing personal auto insurance; and
- (2) [prohibiting] insurance fraud detection models based on data that may have a disparate impact on communities of color. Requiring insurers to identify and eliminate algorithmic bias and proxy discrimination is a key component of addressing these issues.”<sup>27</sup>

<sup>23</sup> Flitter, Emily. “[Black Homeowners Struggle to Get Insurers to Pay Claims.](#)” *The New York Times*, December 29, 2020.

<sup>24</sup> Flitter, Emily. “[Where State Farm Sees ‘a Lot of Fraud,’ Black Customers See Discrimination.](#)” *The New York Times*, March 18, 2022.

<sup>25</sup> D.C. Policy Center and Council Office of Racial Equity. “[DC Racial Equity Profile.](#)” 2021.

<sup>26</sup> “[Department of Insurance, Securities and Banking FY 2022 and FY 2023 Responses to Performance Oversight Questions.](#)”

Department of Insurance, Securities and Banking, February 2023.

<sup>27</sup> Ibid.

Identifying racial equity-focused policy proposals is a critical step toward racial equity. However, positive racial equity impacts will only come from policy adoption, implementation, and adherence. CORE is unclear on the current status of the working group’s policy suggestions.

**Current law does not define DISB’s criteria of “unfairly discriminatory.”** As mentioned earlier, the DISB Commissioner determines if insurance rates are “adequate, not excessive, and not unfairly discriminatory.”<sup>28</sup> However, current law does not define “unfairly discriminatory.” According to DISB,

insurers are allowed to discriminate or treat a policyholder or groups of policyholders differently based on their risk characteristics, such as driving record. However, they are not allowed to treat policyholders that have similar risk characteristics differently.<sup>29</sup>

However, “risk characteristics” can also include type of employment, level of education attainment, homeownership status, and credit scores, among others. As a result, the current interpretation of “unfairly discriminatory” allows insurance providers to continue charging Black and other residents of color higher insurance premiums than white residents because of the racial inequities built into the criteria.

## **ASSESSMENT LIMITATIONS**

**We generally do not provide policy solutions or alternatives to address our racial equity concerns.**

While Council Period 25 Rules allow our office to make policy recommendations, we focus on our role as policy analysts—we are not elected policymakers or committee staff. In addition, and more importantly, racially equitable policymaking takes time. We would need more time to ensure comprehensive research and thorough community engagement inform our recommendations.

**Assessing legislation’s potential racial equity impacts is a rigorous, analytical, and organized undertaking—but it is also an exercise with constraints.** Our assessment is our most educated hypothesis of the bill’s racial equity impacts.

**Regardless of the Council Office of Racial Equity’s final assessment, the legislation can still pass.**

Though if a REIA is issued for a bill, committees must summarize and respond to the assessment in their committee report (a public document contextualizing the legislation). Committee reports can be found via the [Legislative Information Management System \(LIMS\)](#) after a bill’s mark up.

If a REIA identifies a negative impact on racial equity, the bill may be placed on the non-consent agenda at the next legislative meeting. However, a REIA is not binding.

**This assessment aims to be accurate and useful, but it is unlikely that we will raise *all* relevant racial equity issues present in a bill.** In addition, an omission from our assessment should not: 1) be interpreted as a provision having no racial equity impact or 2) invalidate another party’s racial equity concern.

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<sup>28</sup> [DC Code § 31-2703. Making of rates.](#)

<sup>29</sup> Communicated to CORE by DISB through email on July 11, 2023.

F



OFFICE OF THE GENERAL COUNSEL

Council of the District of Columbia  
1350 Pennsylvania Avenue NW, Suite 4  
Washington, DC 20004  
(202) 724-8026

**MEMORANDUM**

**TO: Councilmember Kenyan R. McDuffie**

**FROM: Nicole L. Streeter, General Counsel *NLS***

**DATE: October 16, 2023**

**RE: Legal sufficiency determination for Bill 25-150, the  
Motor Vehicle and Homeowner Insurance Prior  
Approval Rate Filing Amendment Act of 2023**

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The measure is legally and technically sufficient for Council consideration.

Bill 25-150 is permanent legislation that mirrors the Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing Temporary Amendment Act of 2023,<sup>1</sup> which this office previously reviewed for legal and technical sufficiency.

The legislation amends An Act To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes<sup>2</sup> to amend the insurance rate change filing procedure for motor vehicle insurance and homeowner insurance. The amendment requires that each final rate or premium charge be filed with the Commissioner of the Department of Insurance, Securities and Banking for a 90-day review for the Commissioner to determine that the new rate is not excessive or unfairly discriminatory before the new rate can become effective.<sup>3</sup>

I am available if you have any questions.

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<sup>1</sup> Effective July 20, 2023 (D.C. Law 25-27; 70 DCR 7916) (expires March 1, 2024).

<sup>2</sup> Approved May 20, 1968 (62 Stat. 243; D.C. Official Code § 31-2701 *et seq.*).

<sup>3</sup> If the Commissioner does not make a determination within the 90-day review period, the new charge will be deemed approved.

G

1 **Committee Print**  
2 **Committee on Business and Economic Development**  
3 **B25-150**  
4 **October 18, 2023**  
5  
6

7 A BILL  
8  
9  
10  
11

12 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA  
13  
14  
15

16 To amend An Act to provide for regulation of certain insurance rates in the District of Columbia,  
17 and for other purposes, to change the private passenger or non-commercial motor vehicle  
18 and homeowner insurance rate filing standard from file and use to prior approval with a  
19 90-day review period, to require notice and opportunity for a hearing before a rate filing  
20 is determined to be excessive or unfairly discriminatory, and, beginning on September 1,  
21 2023, to require an insurer to provide an insured written notice before renewal of a  
22 policy.  
23

24 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this  
25 act may be cited as the “Motor Vehicle and Homeowner Insurance Prior Approval Rate Filing  
26 Amendment Act of 2023”.

27 Sec. 2. An Act To provide for regulation of certain insurance rates in the District of  
28 Columbia, and for other purposes, approved May 20, 1948 (62 Stat. 243; D.C. Official Code §§  
29 31-2701 *et seq.*), is amended follows:

30 (a) Section 3(f)(2) (D.C. Official Code § 31-2703(f)(2)) is amended to read as follows:

31 “(2)(A)(i) Every final rate or premium charge proposed to be used by any private  
32 passenger or non-commercial motor vehicle insurer or homeowner insurer shall be filed with the  
33 Commissioner and shall be adequate, not excessive, and not unfairly discriminatory. Before a

private passenger or non-commercial motor vehicle or homeowner rate filing shall become effective, the Commissioner shall have the authority to determine within 90 days after the filing date that a rate is excessive if the rate is unreasonably high for the insurance provided and is not actuarially justified based on commonly accepted actuarial principles.

“(ii) In determining whether a rate complies with the standards under this subsection, due consideration shall be given to past and prospective loss experience within and outside the District, a reasonable margin for underwriting profit and contingencies, dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders or members or subscribers, past and prospective expenses, both nationwide and in the District, and investment income earned or realized by insurers both from their unearned premiums and from their loss reserve funds.

“(B)(i) If the Commissioner does not make a determination on a proposed rate within the 90-day period, the rate shall be deemed approved.

“(ii) If the Commissioner determines, within the 90-day review period, that a private passenger or non-commercial motor vehicle or homeowner rate may be excessive or unfairly discriminatory, the Commissioner shall provide the insurer with notice of the determination and the reasons for the determination and an opportunity for a hearing.

“(iii) A hearing must be requested by the insurer within 15 days after the notice is provided to the insurer by the Commissioner. A hearing shall be held by the Commissioner within 60 days after a written request is timely received from the insurer and the Commissioner shall issue a final order within 30 days after the close of the hearing record.



“(iv) The cost of the hearing shall be borne by the insurer requesting the rate increase.

“(C) Beginning on September 1, 2023, or such later date as determined by the Commissioner, the private passenger or non-commercial motor vehicle insurer or homeowner insurer shall provide the insured written notice at least 45 days, and not more than 90 days, before renewal of the policy. If the insurer fails to provide written notice at least 45 days before the end of the current term of the policyholder’s policy, the insurer shall wait until the end of the subsequent term of the policyholder’s policy to implement the rate or premium increase.”.

(b) Section 4(c)(2)(A)(ii) (D.C. Official Code § 31-2704(c)(2)(A)(ii)) is amended to read as follows:

“(ii) The order is made after the prescribed investigation and hearing and within 30 days after the filing of rates affected, except as otherwise permitted by § 3(f)(2) of the act.”.

### Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

### Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved

76 December 24, 1973 (87 Stat. 813; D.C. Code § 1-206(c)(1)), and publication in the District of  
77 Columbia Register.

H

1 **Comparative Committee Print**  
2 **Committee on Business and Economic Development**  
3 **B25-150**  
4 **October 18, 2023**

5  
6 **Section 2**  
7

8 **D.C. Official Code § 31-2703. Making of rates.**  
9

10 **(a)** Rates for insurance within the scope of this chapter shall not be excessive, inadequate, or  
11 unfairly discriminatory.  
12

13 **(b)** Due consideration shall be given to past and prospective loss experience within and outside  
14 the District, to physical hazards, to safety and loss prevention factors, to underwriting practice  
15 and judgment, to catastrophe hazards, if any, to a reasonable margin for underwriting profit and  
16 contingencies; to dividends, savings, or unabsorbed premium deposits allowed or returned by  
17 companies to their policyholders, members, or subscribers; to past and prospective expenses both  
18 country-wide and those specially applicable to the District; to whether classification rates exist  
19 generally for the risks under consideration; to the rarity or peculiar characteristics of the risks;  
20 and to all other relevant factors within and outside the District. Due consideration shall be given  
21 to the net investment income (including the realized capital gains) on all cash and invested assets  
22 held against all unearned premium reserves and loss reserves of any nature. Unrealized capital  
23 gains or losses shall not be considered in the rate-making process.  
24

25 **(c)** Nothing in this section shall be taken to prohibit as unfairly discriminatory the establishment  
26 of classifications or modifications of classifications of risks based upon the size, expense,  
27 management, individual experience, location or dispersion of hazard, or any other reasonable  
28 considerations attributable to such risks provided such classifications and modifications apply to  
29 all risks under the same or substantially similar circumstances or conditions.  
30

31 **(d)** Nothing in this chapter shall be construed to require uniformity in insurance rates,  
32 classifications, rating plans, or practices.  
33

34 **(e)** Nothing in this chapter shall abridge or restrict the freedom of contract of companies, agents,  
35 brokers, or employees with reference to the commissions or salaries to be paid to such agents,  
36 brokers, or employees by companies.  
37

38 **(f)(1)** Every classification plan fixed, established, and promulgated by the Commissioner shall be  
39 so structured as to produce rates or premium charges which are adequate, not excessive, and not  
40 unfairly discriminatory.  
41

42 **(2)(A)(i)** Every final rate or premium charge proposed to be used by any **private**  
43 **passenger or non-commercial** motor vehicle insurer **or homeowner insurer** shall be filed with

the Commissioner and shall be adequate, not excessive, and not unfairly discriminatory. Before a private passenger or non-commercial motor vehicle or homeowner rate filing shall become effective, the Commissioner shall have the authority to determine within 90 days after the filing date that a rate is ~~A motor vehicle insurance rate may be held by the Commissioner to be~~ excessive if the rate is unreasonably high for the insurance provided and is not actuarially justified based on the commonly accepted actuarial principles.

(ii) In determining whether a rates ~~complies~~ with the standards under this subsection, due consideration shall be given to ~~for~~ past and prospective loss experience within and outside the District, a reasonable margin for underwriting profit and contingencies, dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders or members or subscribers, past and prospective expenses, both nationwide ~~countrywide~~ and in the District, and investment income earned or realized by insurers both from their unearned premiums and from their loss reserve funds.

(B)(i) If the Commissioner does not make a determination on a proposed rate within the 90-day period, the rate shall be deemed approved. ~~finds after a hearing that a rate is not in compliance with this subsection, he shall order that its use be discontinued for any policy issued or renewed after a date specified in the order and the order may prospectively provide for premium adjustment of any policy then in force.~~

(ii) If the Commissioner determines, within the 90-day review period, that a private passenger or non-commercial motor vehicle or homeowner rate may be excessive or unfairly discriminatory, the Commissioner shall provide the insurer with notice of the determination and the reasons for the determination and an opportunity for a hearing.

(iii) A hearing must be requested by the insurer within 15 days after the notice is provided to the insurer by the Commissioner. A hearing shall be held by the Commissioner within 60 days after a written request is timely received from the insurer and the Commissioner shall issue a final order within 30 days after the close of the hearing record.

(iv) The cost of the hearing shall be borne by the insurer requesting the rate increase.

(C) Beginning on September 1, 2023, or such later date as determined by the Commissioner, the private passenger or non-commercial motor vehicle insurer or homeowner insurer shall provide the insured written notice at least 45 days, and not more than 90 days, before renewal of the policy. If the insurer fails to provide written notice at least 45 days before the end of the current term of the policyholder's policy, the insurer shall wait until the end of the subsequent term of the policyholder's policy to implement the rate or premium increase.

87  
88 **(f-1)(1)(A)** Every final rate or premium charge proposed to be used by a medical malpractice  
89 insurer shall be filed with the Commissioner and shall be adequate, not excessive, and not  
90 unfairly discriminatory. A medical malpractice rate shall be excessive if the rate is unreasonably  
91 high for the insurance provided. In determining whether rates are adequate, not excessive, and  
92 not unfairly discriminatory, due consideration shall be given to:

93  
94 **(i)** Past and prospective loss experience within the District;

95  
96 **(ii)** A reasonable margin for underwriting profit and contingencies;

97  
98 **(iii)** Dividends, savings, or unabsorbed premium deposits allowed or returned by  
99 insurers to their policyholders, members, or subscribers;

100  
101 **(iv)** Past and prospective expenses in the District;

102  
103 **(v)** All investment income reasonably attributable to medical malpractice  
104 insurance in the District.

105  
106 **(B)** If District experience is not credible, the Commissioner may consider  
107 experience outside the District. The Commissioner shall promulgate rules setting forth the extent  
108 to which and the circumstances under which an insurer may rely on experience outside the  
109 District.

110  
111 **(2)** If a medical malpractice insurer wishes to change a rate, it shall file a complete rate  
112 application with the Commissioner. A complete rate application shall include all information,  
113 including all actuarial data, projections, and assumptions, that the medical malpractice insurer  
114 has relied on in calculating its proposed rates. All such information shall be made available when  
115 filed in accordance with [subchapter II of Chapter 5 of Title 2](#).

116  
117 **(3)** The Commissioner shall notify the public of any application by a medical malpractice  
118 insurer for a rate change increase. The application shall be deemed approved 60 days after public  
119 notice unless the proposed rate change increase exceeds 10%. If the proposed rate change  
120 increase exceeds 10%, the Commissioner shall hold a hearing on the proposed change and shall  
121 issue an order approving, denying, or modifying the proposed change within 90 days after public  
122 notice of the proposed change. Any person shall have a right to testify in a hearing held by the  
123 Commissioner. The Commissioner shall promulgate rules governing the public hearing.

124  
125 **(4)** If the Commissioner finds, after a hearing, that a rate used by a medical malpractice  
126 insurer does not comply with this subsection, the Commissioner shall order the insurer to  
127 discontinue using the rate and to issue a refund to any policyholder who has paid the rate to the  
128 extent that the Commissioner has found it excessive.

(g) No company, agent, or broker shall make, issue, or deliver, or knowingly permit the making, issuance, or delivery of any policy of insurance within the scope of this chapter contrary to pertinent filings which are in effect for the company as provided in this chapter, except that upon the written application of the insured stating his reasons therefor, filed with and approved by the Commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk.

(h) Every insurer writing motor vehicle insurance in the District shall file with the Commissioner, in such form as he shall order, complete financial records showing the amount of profit on every line of motor vehicle insurance during the previous year.

(i) The Office of the People's Counsel shall serve as advocate for consumers in rate hearings before the Commissioner and the costs associated with such advocacy shall be borne by the insurer or insurers requesting the rate hearing.

**D.C. Official Code § 31–2704. Filing requirements of individual companies; adjustment of rates; removal of discriminations.**

(a) On and after July 1, 1948, every company shall file with the Commissioner, either directly or through a licensed rating organization of which it is a member or subscriber, except as to rates on inland marine risks which are not made by a rating organization and which by general custom of the business are not written according to manual rates or rating plans, all rates and rating plans, rules, and classifications which it uses or proposes to use in the District.

(b) Whenever it shall be made to appear to the Commissioner, either from his own information or from complaint of any party alleging to be aggrieved thereby, that there are reasonable grounds to believe that the rates on any or on all risks or classes of risks or kinds of insurance within the scope of this chapter are not in accordance with the terms of this chapter, it shall be his duty, and he shall have the full power and authority, to investigate the necessity for an adjustment of any or all such rates.

(c)(1) After an investigation of the rates, the Commissioner shall, before ordering an adjustment, hold a hearing upon not less than 10 days' written notice specifying the matters to be considered at the hearing, to every company and rating organization which filed the rates; provided, that the Commissioner shall not be required to hold the hearing if he or she is advised by every such company and rating organization that they do not desire the hearing. The cost of the hearing shall be borne by the insurance company requesting the rate increase. If, after the hearing, the Commissioner determines that any or all of the rates are excessive or inadequate, he or she shall order an adjustment. Pending the investigation and order of the Commissioner, the rates shall be deemed to have been made in accordance with the terms of this chapter.

172 (2)(A) An order of adjustment shall not affect any contract or policy made or issued prior  
173 to the effective date of the order unless:

174 (i) The adjustment is substantial and exceeds the cost to the companies of making  
175 the adjustment; and  
176

177 (ii) The order is made after the prescribed investigation and hearing and within 30  
178 days after the filing of rates affected, **except as otherwise permitted by § 3(f)(2) of the act.**  
179

180 (B) An order of adjustment shall not affect an existing contract or policy other than:

181 (i) A medical malpractice, workmen's compensation, or automobile liability  
182 insurance policy required by law, order, rule, or regulation of a public authority; or  
183

184 (ii) A contract or policy of any type as to which the rates are not, by general  
185 custom of the business or because of rarity and peculiar characteristics, written according to  
186 normal classification or rating procedure.  
187

188 (d) In determining the necessity for an adjustment of rates, the Commissioner shall be bound by  
189 all of the provisions of § 31-2703.  
190

191 (e) The Commissioner is further empowered to investigate and to order removed at such time  
192 and in such manner as he shall specify any unfair discrimination existing between individual  
193 risks or classes of risks.  
194  
195